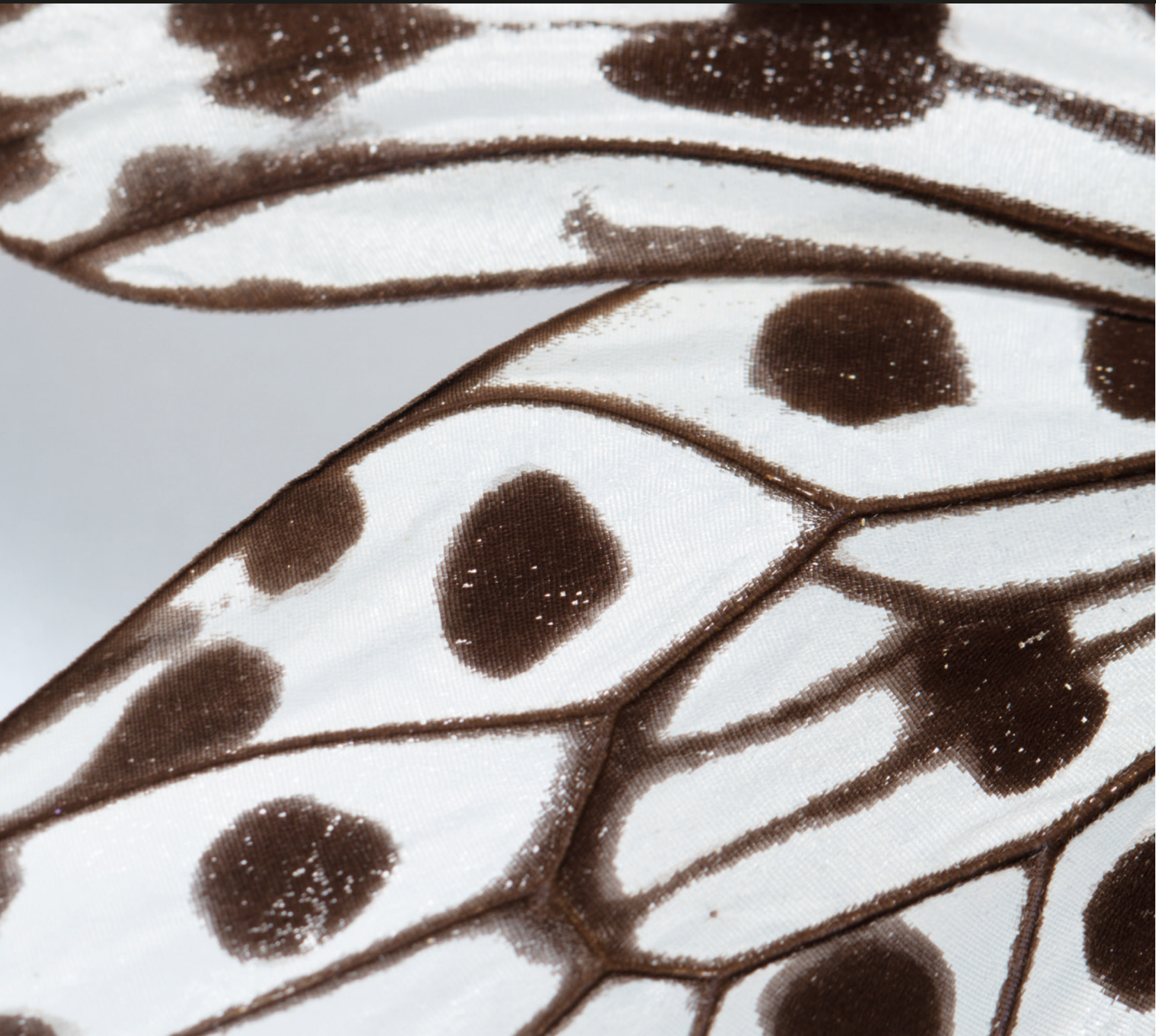




Annual Report 2017-2018

Tāmaki
Paenga Hira
Auckland
War Memorial
Museum

AMM



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FOREWORD

The last year has been a formative period for the Museum. We've had a record 931,487 visitors through our doors and achieved self-generated revenue that's over \$1 million above our full year budget, a 5% growth on FY 2016/17.

This represents a transformational shift from previous years driven off a strongly appealing exhibition programme, supported by a rich series of gallery events and public programmes including the major international exhibition *Brickman: Wonders of the World* and the hugely successful, sold-out series of Night at the Museum and the LATE curated evenings.

Ninety-nine percent of visitors rate the Museum as a place to learn new things and 81% of Aucklanders agree that the Museum is an important part of the Auckland community.

The development and adoption of our new Five-Year Strategic Plan was a key highlight for FY 2017/18, setting a pathway to help us achieve our long-term goal to be a leading museum in Australasia and globally.

We have created a strong platform, which is allowing us to embark on our transformation strategy from a place of strength.

We are working towards creating a world-class museum experience within our walls and have mobilised our capital improvement programme. Over the next five years, we plan to increase our gallery space by 30% and our visitor space by 50% as we create a venue where visitors can meet, learn and explore.

People are seeking to reconnect with their heritage and culture, and as a repository of history and knowledge, we are continuing to increase access for the diverse communities across Auckland. *Being Chinese in Aotearoa: A photographic journey* is a great example of our collaboration and partnership with the different cultures who make up the face of Auckland city.

We want to bring the world to Auckland and, alongside our peers, tourism and community partners, we are collaborating to provide wider and easier access to tourists seeking information on the history and culture of our city.

As an encyclopaedic museum, we are a repository of knowledge on the human and natural worlds. We are using this knowledge to 'stretch thinking' – to start conversations, enable debate and allow connections to be made between man and our environment. This year, we have been reviewing our research strategy, talking to tertiary and other educational institutions about sharing the information we hold, and enabling the creation of new forms of knowledge.

Our ability to be a vital and exciting part of Auckland's cultural heart is due to the leadership, efforts and support of a wide range of individuals and organisations. In particular, we would like to acknowledge and thank the staff and volunteers who are the heart of our organisation.

We appreciate the leadership of our Trust Board and the guidance of our treaty partner, the Taumata-ā-Iwi. This year, we were delighted to welcome Orchid Atimalala as the new Chair of the Auckland Museum Trust Board. On the final page she talks about her passion for the Museum and creating a venue about which every Aucklander can say "this is my place".


FY 2017/18 was a year of strengthening our platform for the next stage of our transformation, and much has been achieved. We are looking forward to moving ahead as we create a modern, inclusive and dynamic Museum experience.



Orchid Atimalala
Chair, Auckland Museum Trust Board



Precious Clark
Chair, Taumata-ā-Iwi



Dr David Gainster
CEO, Auckland War Memorial Museum

SHARING OUR HIGHLIGHTS

931,487
visits

99%
visitor satisfaction

\$9.435m
self-generated revenue delivered,
up \$1.08m (12.9%) on budget and
5% growth on prior year

99%
of visitors rate the Museum as a place
to learn new things

81%
of Aucklanders agree that
Auckland Museum is an important
part of the Auckland community

55,458 Facebook
followers (up 9%)

77
Net Promoter Score, compared to
New Zealand industry benchmark
for tourist attractions at 38

15 million
page views and interactions with
Auckland Museum's collections
online through Digital New Zealand

8,964,289
Natural Sciences records
downloaded

58,937
people reached across 18 offsite
public programmes

93,465
digital poppies laid on the Roll of
Honour at Online Cenotaph

242
schools and early childhood
centres visited Auckland Museum
for a learning experience outside
of the classroom

285+
volunteers donated 26,938 hours

\$162
return to Auckland from every
\$100 spent by Auckland Museum*

*Auckland War Memorial Museum August 2018
Economic Costs and Benefits Report



931,487
visits on site

One
offsite exhibition,
Volume South,
delivered at Manukau
Institute of Technology

101,226
visitors to the
*New Zealand
Geographic
Photographer of
the Year* exhibition

REACH OUT TO MORE PEOPLE

Our goal is to establish ourselves as the place to go for information, debate and discussion on Auckland and our connection to it. Our aim is to attract 1.2 million visitors annually by 2022, and to more than double our outreach audiences in five years to 100,000.

We will do this by investing in our gallery spaces, providing a rich exhibition offering and developing public programmes that draw people to our doors.

Auckland's population is changing and evolving constantly. Our challenge is to evolve with it, to reflect, record and celebrate the contribution of each to our common past, present and future.

We have strong partnerships and collaboration with Māori and Pacific Island communities and growing relationships and recognition with the many other cultures within our city.

The first Chinese New Zealander arrived in Nelson in 1842, preceding an influx of Chinese workers from 1866 during the Otago gold rush. Today, Auckland is home to a large Chinese New Zealander community.

With such a rich resource at our doorstep, we have the opportunity and the obligation to engage and share knowledge and experiences. We did this in 2018 through a special exhibition and collaboration with the Chinese New Zealand community.

BEING CHINESE IN AOTEAROA: A PHOTOGRAPHIC JOURNEY

Launched during the hugely popular Lantern Festival in Auckland Domain, *Being Chinese in Aotearoa: A photographic journey* exhibited from 10 February 2017 to 21 January 2018.

Drawing on 175 years of Chinese living in New Zealand, social historian Dr Phoebe H Lee, in collaboration with photographic historian John B Turner, made selections from a pool of nearly 10,000 photographs offered by families and by 16 public institutions including Archives New Zealand and the National Library of New Zealand.

This exemplary collection of photographs was complemented by a new series of artworks created by graphic artist Ant Sang and writer Helene Wong using stories collected from some of Auckland's Chinese artists, entrepreneurs, musicians, athletes, and more.

Using a comic-book medium, it explored the experience of Auckland's present-day Chinese community as a boy and his grandmother tour around the city meeting some of these fascinating figures.

Writer Renee Liang and illustrator Allan Xia contributed *Golden Threads*, an interactive digital story exploring the experience of early Chinese migrants, while diverse Chinese New Zealanders shared on film their thoughts on what being Chinese means to them.

Being Chinese in Aotearoa was a New Zealand first for an exhibition in collaboration with, by and for Chinese New Zealanders, building on the exclusive work of our annual Cultural Festival.

TRANSFORM OUR BUILDING AND COLLECTIONS

MANU TĀIKO

With storage at the Auckland Domain site at capacity, we needed an offsite storage facility to allow us to keep evolving and rotating exhibitions and galleries on display and to make way for the planned capital works that will enable the building's transformation.

Our new offsite Manu Tāiko collections centre in Otahuhu was opened in September 2017 and frees up space at the Domain building for public use, as part of our wider building improvement programme.

In Māori whakatauki (proverb), the Manu Tāiko, or sentry bird, kept watch over the forests, sending out a signal of anyone approaching. In that role, the name reflects our obligation to be a good kaitiaki (guardian) of the people who will work at and visit the facility, and of the collections that will be held there.

The 3500 square metre building is essentially a large refrigerator within an industrial warehouse shell. Secure, and temperature and humidity controlled, it has racking and storage for large collection items - such as 20 metre-plus Samoan and Tongan royal tapa cloths, or military field guns.

It is the only such dedicated facility in New Zealand and we have received inquiries from other organisations wishing to use it.

It is also designed to provide space for the community, improving the accessibility of collections. Open plan laboratory space and facilities allow groups and experts to share their knowledge of items associated with their cultures, and to study their use, care, materials and the craftsmanship that went into their making.

Manu Tāiko enables us to be more agile with our collections, and more connected with the community.

Future Museum is a 20-year transformation programme that will greatly improve how we engage with Aucklanders and visitors - onsite, offsite and online - and create a world-class museum experience.

The Auckland Domain building was opened in 1929. Over our long history we have evolved to accommodate changing audiences and growing collections. We are now at the next stage of our evolution.

Over the next five years, we will be refurbishing half of our galleries, creating more public and special exhibition space and developing a hospitality hub that will encourage visitors to make the Museum a destination venue.

Providing world-class care for the growing collections and taonga (treasures) that we are guardians for remains a core priority.

Internationally, science is delivering new and better ways to conserve collections items, and we are determined to leverage progress so that our collections continue to be well cared for and future-proofed.

One

new 1929 espresso bar opened in the Grand Foyer in May 2018 providing greater amenity for visitors

First

New Zealand museum to sign the New Zealand Tourism Sustainability Commitment as part of TIANZ

1,245

objects cared for as part of the Museum's Pacific Collection Access project

Second

phase of the Te Awe multi-year project commenced focusing on the Museum's collection of taonga Māori textiles

44

papers at national and international conferences delivered by Museum staff and 96 written publications produced

8

commemorative programmes were delivered to acknowledge and remember the contributions of New Zealand's armed forces and personnel

STRETCH THINKING

Research and fieldwork are fundamental to our position as the curator of a unique suite of assets at the heart of the knowledge economy.

Our goal is to use these to generate new ideas, and be a catalyst for debate and knowledge evolution – to 'stretch' thinking.

They allow us to enhance our detailed understanding of New Zealand's past and present, and help to create a better future by protecting and preserving the natural environment.

They allow us also to unlock cultural knowledge by working with tohunga (experts) and knowledge-holders to transform our understanding of our collections and the work our researchers do in the field.

Our Pacific Collection Access and Te Awe collection readiness projects continue to unlock cultural knowledge as we work with our Māori and Pacific communities to transform our understanding of these collections.

A bioblitz is a stocktake of all the species of plants and animals living in a given space at a given time. Its aim is to promote and improve local natural spaces by empowering everyone to better understand and protect biodiversity.

Generating new knowledge and new ideas, and stimulating debate requires using our resources to educate and engage with younger audiences. Bioblitzes are one way in which we will enhance our knowledge of our collections, and pass that knowledge and interest on to the next generation.

BIOBLITZ KAPOWAIKUA

During 2017, Museum staff conducted Bioblitz Kapowairua, a five-day partnership exercise with Ngāti Kuri on land near Cape Reinga at New Zealand's northernmost point.

The North Cape is of intense interest internationally due to the rich biodiversity of the land and marine species endemic to the area, and its unique ecosystem.

Our approach involved an innovative partnership with Ngāti Kuri to access their Mātauranga Māori (indigenous knowledge systems and values).

Ngāti Kuri elders were keen that their younger generations were involved, and the Museum's scientists worked with three schools – Te Hapua, Ngataki and Te Kao – in weekly video call lessons and on field work.

The exercise produced some rare ecological finds, such as the ancient skull of a moho, the extinct North Island Takahe not previously known to have lived in the area.

This fossilised taonga offers Ngāti Kuri and researchers a glimpse of what the Far North was like before people arrived in Aotearoa.

Recognition of Ngāti Kuri's ownership and guardianship of the land represented an evolution in scientific thinking towards a sharing of the source of authority.

In contrast to the extractive model which takes artefacts and knowledge and 'pulls them back to the centre', the collaborative approach is a two-way model that benefits both science and local communities.

LEAD A DIGITAL MUSEUM REVOLUTION

POU KANOHI DIGITAL

Launched in October 2017, *Pou Kanohi New Zealand at War* is aimed squarely at a generation that finds clipboards and ticksheets quaint and clumsy.

In planning the new *Pou Kanohi* gallery, Museum staff asked schools and teachers which aspects of digital technology were most useful to them.

The result is a 'first encounter' with our primary sources – objects from the collections – enhanced with interactivity, multisensory experience, personalisation and embedded supplementary information.

Pou Kanohi shares New Zealanders' experiences of World War One from multiple perspectives.

An aerial reconnaissance table allows visitors to pilot a mission above the trenches; a virtual reality headset gets visitors up close to a 3D artillery gun; collectible content enables students and visitors to explore pivotal events through letters, photographs, and diaries in greater depth online, back at school or at home.

Online reproductions of physical documents contain press-and-hold definitions of a technical or disused phrase or word, a 'toggle' function between Te Reo and English, and links to websites and other online documents.

Pou Kanohi is the second gallery to be redeveloped as part of an ongoing programme to renew the heritage features of our Museum building and revitalise a third of our gallery spaces.

Digital technology provides new ways to allow our communities to engage with our primary source material, adding immediacy, emotional evocative power and the ability to tailor each experience to the individual visitor.

It extends our reach beyond our walls into homes and classrooms and is 'on call', enabling users to save and access resources at the time of their choice.

Through digital means we can provide a richer experience through interactivity, embedding links and information, and bringing objects to life via video and 3D modelling.

This richness of experience is only one of the benefits that digital brings to education. Teachers and students are increasingly time-poor and digital enables them, online or onsite, to dashboard and send material to a classroom or class email address.

As we invest in the digitisation of our collections and the quality of the public interface, we are working with external partners with a wide range of experience, allowing us to leverage the technology used by other businesses and organisations.

We want to be recognised as a leading digital museum and technology is at the centre of our transformational change process.

26,793

people reached during the full day ANZAC Day event streaming

87,000

open images uploaded to Wikipedia, 30% of Auckland Museum's open collection

375,627

updates to records in Collections Online

ENGAGE EVERY SCHOOLCHILD

211

students reached across four schools in the Talanoa pilot that empowered students to create their own responses to the Museum's collection items as part of the Pacific Collections Access Project

76,148

school children engaged onsite, offsite and online

7,253

people reached at a pop-up learning experience in Hunters Plaza, Papatoetoe over two weeks in the April school holidays

REMEMBERING WWI

In 2018 we continued to partner with schools, government, individuals and communities to bring WW1 to life for young New Zealanders.

For an estimated 32,000 students, WW1 arrived in the classroom this year via 'ephemera boxes' delivered to 10- to 13-year olds.

Part of the *Walking with an Anzac* project conducted as part of the government's First World War Centenary (WW100) programme, the Museum created 1200 boxes, each containing 32 WW1 'artefacts'.

These included paper-based records such as newspaper articles, enlistment forms, fly-bills and letters, and replica objects such as soldiers' badges, medals and armbands.

Each object was reproduced from the original to look and feel right, each had a webpage linking the object to a serviceman or woman, and each presented a 'mystery' for the student to solve.

On the anniversary of the Battle of Passchendaele on October 10, we also opened *Pou Kanohi New Zealand at War*, an interactive gallery aligned with the school curriculum.

Alongside collections, *Pou Kanohi* features digital and virtual reality experiences, a series of short films in which young Aucklanders explore and reflect on stories of war alongside commissioned works by Māori artists, and bold graphic illustrations bringing WW1 events to life.

Underlying both *Walking with an Anzac* and *Pou Kanohi* is Online Cenotaph, the Museum's database of New Zealanders who have served in wartime.

We see Auckland Museum as a vibrant place of learning, enabling young people, in particular, to reach their potential.

Our Museum environment provides unique learning spaces and experiences, and we can offer rich learning opportunities that feel targeted and personalised to the student.

Combining onsite, offsite and online programmes and events, we are developing new services that can be accessed by schools, and other learning communities such as libraries and kindergartens.

Digital technologies allow us to make use of our vast resource of physical collections and records, and are a key part of growing our formal learning student numbers from 40,000 in 2017 to a targeted 100,000 by 2020.

GROW OUR INCOME AND ENHANCE VALUE FOR AUCKLANDERS

Self-generated revenue delivered in FY 2017/18 was \$1.08m above the full year budget and represents a 5% growth on the prior year – the highest revenue delivered to date.

We are committed to achieving sustainable revenue growth, and our goal is to increase our self-generated income by 30% to \$12 million annually. This will supplement the funding and support we receive and help us secure our own future. Fiscal constraint is also important and prudent capital investment, strong cost control and sound business practices remain a priority.

The events market is growing fast internationally and the Museum is developing a range of spaces able to offer a unique, character context for social and corporate gatherings.

During 2017 we upgraded our commercial event space on level three after 11 years of intensive utilisation. The Events Centre seats up to 450 guests, one of the largest capacities available in the Auckland region.

Hosting hospitality and commercial events requires considerable behind the scenes capability and expertise, from planning and logistics to working cross-functionally to ensure safe and smooth integration with the Museum's many activities.

It is one of several channels through which we can supplement our ratepayer funding and expand the range of services on offer to Aucklanders.

AN INDIAN WEDDING CELEBRATION

In December 2017 the Museum celebrated a milestone, hosting two Indian weddings on the same weekend at the refurbished Events Centre on level three.

The 'fire ceremony' (Saptapadi), in which the bride and groom exchange vows in the presence of holy flame (Agni), is a key element of Hindu weddings.

However, hosting events involving a naked flame presented considerable challenges for Museum staff.

To enable Hindu weddings to take place at the Museum we investigated how these cultural events could fit into the Museum's activities in a safe manner.

The detailed work required has furnished us with considerable know-how that we can now apply to the many other civil and commercial hospitality events we host, ranging from conferences and car launches to school balls and live entertainment.

Alongside capability, we continue to develop strategies to ensure Aucklanders are aware of the range of facilities on offer.

Venue hire adds to our revenue-generation opportunities in ticketing, food and beverage, and retail.

**\$9.435
million**

self-generated revenue delivered, the highest on record

52,000

tickets sold to *Brickman: Wonders of the World*, exceeding targets by 44%

25,145

attendees to 117 commercial events



FUNDERS, PARTNERS AND SUPPORTERS

FUNDERS

Auckland Council
Regional Facilities Auckland

PARTNERS

Auckland Museum Institute
Auckland Museum Foundation

SUPPORTERS

Conference, Travel Expenses and Professional Development

Auckland Museum Institute
C&L Gregory Trust

School Programmes

Ministry of Education LEOTC Fund
EQC

Public Programmes

Massey University
The Ministry for Pacific Peoples
The Pacifica Mamas Arts & Cultural Trust

Library Outreach Programme

The Stevenson Foundation

Talanoa Outreach Programme

Tennynson Charitable Trust

Bioblitz

Ngāti Kuri

War Memorial

Ministry for Culture and Heritage
NZ Lottery WWI Commemoration Environment
and Heritage
Memorial Hall Donation Fund
Margaret Blyth Bequest
Rotary Club of St Johns Inc

Collections and Research

RT Shannon Memorial Trust
C&L Gregory Trust
Levingston Cooke Charitable Trust
Edward Earle Vaile Trust
LA Spedding Bequest
Nancy Bamford Trust
Ko Tawa Reserve
Auckland Museum Institute
James Searle Say Trust – Managed
by Perpetual Guardian
University of Auckland
Sir Peter Blake Trust
Royal New Zealand Navy

Publications

Creative New Zealand

Exhibitions

Manukau Institute of Technology
New Zealand Hall of Fame Trust
Recorded Music NZ
APRA
Foundation North
Creative New Zealand
Asia New Zealand Foundation
RT Shannon Memorial Trust

Sustainability

Meridian Energy

Media

Soar Print
Paper Boy
Radio New Zealand National

SERVICE PERFORMANCE REPORT

GOAL 1. A STRONG, SUSTAINABLE FOUNDATION				
	How we are going to do it	Measured by	What we achieved	Basis of measurement
1.1	Maintain and grow self-generated revenue	Meeting performance targets for annual self-generated revenue in accordance with budget	The Museum delivered self-generated revenue of \$9.435M in FY 2017/18. This was above budget of \$8.356M by \$1.079M (12.9% increase) and 4.8% above the prior year.	Revenue-Generating Activities Report
1.2	Act as a kaitiaki for our heritage building and collections	Completing the annual schedule in accordance with the Asset Management Plan and Collections Care Plan	Four of the six planned heritage maintenance projects from the Asset Management Plan were completed during FY 2017/18. Repairs were made to the East and West elevation parapets, repairs were made to the North East and North West stairs built in 1929 and there was specialist refurbishment of the South Entry heritage doors. Of the remaining two projects the resurfacing of the Northern portico columns was deferred due to weather and the Hall of Memories Engraving project is currently at the consent phase for tender and due for completion by early 2019. The Museum's Collections Care 2017/18 Annual Project Plan delivered 30 of the 41 listed projects. 8 projects were either reprioritised or placed on hold due to commissioning of the offsite storage facility Manu Tāiko while 3 projects remain in progress.	Heritage Maintenance Plan 2010/2022 and Collection Care 2017/18 Annual Project Plan
1.3	Encourage participation in learning and sharing knowledge to build awareness of identity, histories and a sense of place	Awarding three scholarships related to cultural and scientific scholarship and research annually	In total we awarded three scholarships and two grants. In partnership with the University of Auckland, three successful applications were each awarded a Nancy Bamford Research Grant of \$5,000. Research focused on the provenance of the Auckland War Memorial Museum's collection of Chinese porcelain; Thursday: The Magazine for Younger Women; and the museological representation of New Zealand medical history, using a temporal frame of the Second World War. The New Zealand Society of Authors in association with the Auckland Museum awarded a National Grant (\$4,000) and an Auckland Regional Grant (\$2,500) to two writers. The research of the National Grant recipient focused on articles and books relating to the lives of European settlers, particularly women, in the 1860s. The Auckland Regional Grant focuses on New Zealand War research.	University of Auckland, Arts Faculty Website and applications of the five successful candidates
1.4	Redevelopment of Museum galleries to enhance public experience and increase the readiness of our collections through improved care, aligned with Future Museum	Deliver a new gallery for delivering a refurbished gallery for WWI, <i>Pou Kānohi New Zealand at War</i> , including increased access to collections. Delivery of improved public access through the Museum via the Eastern Laneway	<i>Pou Kānohi New Zealand At War</i> opened to the public on 13 October 2017. The Gallery displays 91 WWI related objects, 261 photographs and pieces of ephemera and 447 images of archival material imaged and supplied from the Documentary Heritage Collection. An interactive discovery wall created from digitised letters was developed for formal learners and families visiting the Museum. The Collectible Content initiative enables visitors to explore pivotal WWI events and collect digital copies of letters, photographs and diaries as learning resources. Work began on the construction of the Eastern Walkway in June 2017. Due to changes to project sequencing and scope, the Eastern Walkway will complete construction in September 2018. The Eastern Walkway will act as a circulation space for the Special Exhibition Hall.	Auckland Museum Press Release, Museum Collection Management systems, Vernon and Presto, Pou Kānohi Visitor Profile, Pou Kānohi Summative Evaluation Plan, Future Museum Capital Programme Committee Report and Horizontal Loop Programme 4 July 2018

GOAL 2. A COMPELLING DESTINATION				
	How we are going to do it	Measured by	What we achieved	Basis of measurement
2.1	Increase the number of Aucklanders actively participating in culture, science and the arts through the delivery of inclusive public programmes for a wide range of demographics and interests	Delivering targeted programmes, published four times a year, for a range of Auckland audiences onsite, offsite and online	The Museum had 931,487 visits in FY 2017/18 an increase of 8.3% on FY 2016/17. Five onsite exhibitions were delivered appealing to a wide range of audiences: <ul style="list-style-type: none"> • <i>Wildlife Photographer of the Year 2017</i> • <i>New Zealand Geographic Photographer of the Year 2017</i> • <i>Brickman: Wonders of the World</i> • <i>Being Chinese in Aotearoa</i> • <i>Let Me Be Myself: The Life Story of Anne Frank</i> An offsite exhibition <i>Volume South</i> was delivered at Manukau Institute of Technology. The international paid exhibition <i>Brickman: Wonders of the World</i> , was visited by 51,899 people over 44 days, exceeding expected visitation of 36,000 by 44%. The Museum delivered two holiday programmes held at Auckland Museum and Hunter's Plaza in Papatoetoe. Science inspired events were explored through the Museum's involvement in Bioblitz, and the Hauraki Gulf Marine Park Seminar. The Museum also participated in onsite community events engaging a diverse and inclusive audience including PRIDE LATE, Night at the Auckland Museum and the Annelies, operatic performance.	Auckland Museum Visitor Profile Survey 2017/18 and Auckland Museum <i>What's On</i> brochure
2.2	Increase Māori and Pacific community engagement with the collections of the city	Delivering at least two projects in partnership with Māori and Pacific communities annually	We completed three projects as part of multi-year Pacific Access Collection - the Fijian Collection, "Nai Yau Vakaviti: Na Ka Mareketi" (October 2017); French Polynesia "Tupuna Mā'ohi ka Ora" (completed in February 2018) and Hawai'i (completed in February 2018) with the Kiribati "Rikian Tungaru" project launching in March 2018. Learning and Engagement launched the Talanoa Pilot programme to empower five classes from four schools to create their own responses to the Museum's Pacific Access Collection items. Phase 2 of Te Awe, a multi-year project focussing on the Museum's collection of taonga Māori textile, launched in September 2017. Two wānanga were held in November 2017 and March 2018 with the seven members of the Taumata Mareikura, an expert reference group of Māori weavers, in attendance. The photographic exhibition <i>Not One More Acre!</i> , co-curated by Ngāti Whātua Ōrākei and the Auckland Museum opened in May 2018, showcasing the stories of Takaparawhau's protestors and giving insight into life at the site of the historic occupation. The Museum's relationship with Ngāti Kuri continued to strengthen across a number of projects including a learning programme with two local schools, Ngāti Kuri loan of a sperm whale jawbone called Rehua for display and the three-day Bioblitz survey at Kapowairua in March 2018.	Museum Collection Management systems, Vernon and Presto, Auckland Museum Website including Collections Online, Pacific Collection Access Project team reports and Taonga Māori Collection report

GOAL 2. A COMPELLING DESTINATION (CONT.)				
	How we are going to do it	Measured by	What we achieved	Basis of measurement
2.3	Work collaboratively with ATEED and other tourism partners to position the Museum and as an integral part of Auckland's tourism offering	Participating in at least two tourism-related initiatives annually	<p>Auckland Museum plays an integral role in the visitor economy of Auckland. Since 2011, the Museum has taken a deliberately strategic approach to the international tourism market which is critical to the Museum's sustainability. As part of our commitment to the industry and to demonstrate our leadership in this sector, we again represented culture and heritage on TIANZ, the national industry tourism body in FY 2017/18.</p> <p>Auckland Museum was one of the first 40 New Zealand tourism organisations and the only Museum nationally to have signed up to New Zealand Tourism Sustainability Commitment in 2018, working towards environmental, social and economic sustainability.</p> <p>In August 2017, the Museum hosted the Cruise New Zealand conference onsite to support the broader tourism industry. We contributed to the development of the ATEED destination strategy and have worked collaboratively with ATEED on six tourism events including two Tourism New Zealand events from Hong Kong.</p> <p>The Museum's introduction of an admission charge to the FIT market in October 2013 has been used as an industry example of best practice, and our learnings have been shared with Auckland Art Gallery and other visitor attractions/cultural organisations nationally who are considering changes to their admission charges.</p>	Auckland Museum Event Plans and Visitor Profile Survey 2017/2018
2.4	Attract and engage Auckland's youth	Growing by 4% on the prior year the number of school-aged students participating in the Museum's learning programmes onsite, offsite and online	The Museum transformed its learning offer during FY 2017/18. The Museum exceeded its 4% growth target, engaging with 76,248 school aged children onsite, offsite and online, representing a total year-on-year growth of 74.32%. This figure was significantly boosted by creation of the WW100 discovery kit, a collaboration with the Ministry for Culture and Heritage that highlighted the Museum's collections and Online Cenotaph to an additional 32,000 students throughout the country.	Beyond the Walls Plan 2018
2.5	Deliver a quality visitor experience for Aucklanders and visitors to our city	Achieving an overall visitor satisfaction score of 98%, with at least 68% rating 'excellent' (measured through the VPS)	The Visitor Profile Survey (VPS) reported that Auckland Museum achieved the overall visitor satisfaction score of 99% with 75% rating their Museum visit 'excellent'.	Auckland Museum Visitor Profile Survey 2017/18

GOAL 3. ACCESSIBLE 'BEYOND THE WALLS'				
	How we are going to do it	Measured by	What we achieved	Basis of measurement
3.1	Increase public access to vibrant digital content online, with resources available for research, study, scholarships and education	Increasing the number of collection items available for the public online by 10% on the prior year	<p>While the Museum did not achieve its overall 10% growth target, we did increase the number of objects, images and Online Cenotaph records available online by 142,326 or 9.75%.</p> <p>The number of images that went online increased by 22%, from 449,401 to 550,458 in FY 2017/18. This raised the total records online to 1,602,197. The Museum also extended its reach uploading 87,000 images or 28.2% of the Open Collection into Wikipedia.</p> <p>In FY 2017/18 the Museum made 375,627 updates to the Museum's 1,602,197 records in Collections Online.</p>	Auckland Museum Collections Online, Museum Collection Management Systems Vernon and Presto and Wikipedia
3.2	Deliver compelling programmes offsite that stimulate engagement 'beyond the walls' in locations across Auckland	Adopting an approved 'beyond the walls' plan of Museum activity, which increases the number of people the Museum reaches offsite year on year	<p>An approved 'beyond the walls' plan covering an 18-24 month offsite activity programme was implemented leading to a 498% increase in the number of people engaged in offsite public programmes on FY 2016/17.</p> <p>In FY 2017/18 we reached 58,937 people across 18 offsite public programmes including an offsite school holiday programme in Hunter's Plaza, Papatoetoe that engaged 7,253 over a two-week period. Offsite public programme numbers do not include Talanoa, Discovery Kits or Library Outreach programmes which occurred offsite but are now included in the learning programmes measure.</p>	Beyond the Walls Plan

GOAL 4. ACTIVE LEADER IN AUCKLAND				
	How we are going to do it	Measured by	What we achieved	Basis of measurement
4.1	Take a leadership role as Auckland's war memorial, in commemorating the sacrifices made in the context of war	Delivering three commemoration programmes annually in conjunction with Auckland Council, RSA and partners	The Auckland Museum delivered eight commemorative programmes for FY 2017/18. These included the Air Force Commemoration day, Armistice Day Commemoration, Passchendaele Centenary Event, and ANZAC Day service.	Commemoration programmes and Auckland Museum Website
4.2	Partnership with city-wide festivals which promote accessibility and diversity	Participating in at least three festivals across the City	The Museum participated in seven festival events across Auckland partnering with organisations including Panuku Development and Auckland Council for the Tāmaki Herenga Waka Festival and Auckland Anniversary Day, the Auckland Art Gallery on the Alice in Wonderland Christmas programme and collaborative Cultural Festival programme and Pasifika Vibes at MOTAT.	Auckland Museum Event Plans and Festival Programmes
4.3	Investigate a strategic partnership in collaboration with the NZ Maritime Museum in order that Aucklanders and visitors to the city continue to have a viable maritime museum offering	Scoping a partnership and investigating its sustainability	<p>On April 3, 2018, New Zealand Maritime Museum joined Regional Facilities Auckland (RFA) changing the scope of this partnership.</p> <p>Auckland Museum continues to work in collaboration with New Zealand Maritime Museum as part of the sector-led Museums of Auckland consortium. The consortium includes Auckland Museum, MOTAT, Auckland Art Gallery, New Zealand Maritime Museum, Stardome and the Howick Historical Village and focuses on delivering value to Aucklanders.</p> <p>The Museum launched the Ngā Kākano wānanga guest speaker series which is open to consortium staff so that the value of these professional development sessions could have a wider impact across the Māori and Pacific dimensions of Tāmaki. Auckland Museum also contributed towards the Museums of Auckland presence at the 2018 Auckland Pride Parade under the banner 'Rainbow Museums'.</p>	Auckland Museum Website, Auckland Council Website and Museums of Auckland Website

FINANCIAL STATEMENTS FY 2017/18

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**AUCKLAND MUSEUM TRUST BOARD
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Actual 2018 \$000s	Plan 2018 \$000s	Actual 2017 \$000s
Operating Activities				
Revenue from Non-Exchange Transactions				
Auckland Council levy	6,14	30,735	30,735	29,841
Grant revenue	6	288	348	350
Fair value of volunteer's time	6	544	642	511
Donations & sponsorship	6	127	110	263
		<u>31,694</u>	<u>31,835</u>	<u>30,965</u>
Revenue from Exchange Transactions				
Commercial operations	6	2,533	2,309	2,446
Admissions	6	2,751	2,418	2,584
Retail revenue	6	1,577	1,462	1,567
Other revenue	6	1,084	488	792
Finance income	6	531	579	488
		<u>8,476</u>	<u>7,256</u>	<u>7,877</u>
Total Revenue from Operating Activities		<u>40,170</u>	<u>39,091</u>	<u>38,842</u>
Expenses				
Short-term employee benefits	8	16,840	18,192	15,992
Depreciation, amortisation & loss on disposals	8	8,955	9,226	8,943
Other	8	14,503	11,673	13,901
		<u>40,298</u>	<u>39,091</u>	<u>38,836</u>
(Deficit)/Surplus from Operating Activities		<u>(128)</u>	<u>-</u>	<u>6</u>
Special Purposes Activities				
Revenue from Non-Exchange Transactions				
Grant revenue	6,7	450	n/a	1,501
Donations, bequests and others	6,7	447	n/a	286
		<u>897</u>	<u>n/a</u>	<u>1,787</u>
Revenue from Exchange Transactions				
Change in measurement of investments at fair value	6,11	4,771	n/a	5,211
Finance income	6,7	292	n/a	404
		<u>5,063</u>	<u>n/a</u>	<u>5,615</u>
Total Revenue from Special Purposes Activities		<u>5,960</u>	<u>n/a</u>	<u>7,402</u>
Expenses				
Trusts, bequests and reserves expenditure	7	3,464	n/a	3,238
Short-term employee benefits	7,8	5,694	n/a	4,650
		<u>9,158</u>	<u>n/a</u>	<u>7,888</u>
Deficit from Special Purpose Activities		<u>(3,198)</u>	<u>-</u>	<u>(486)</u>
Total Deficit		<u>(3,326)</u>	<u>-</u>	<u>(480)</u>
Other Comprehensive Income		-	-	-
Total Comprehensive Revenue and Expense for the Year		<u>(3,326)</u>	<u>-</u>	<u>(480)</u>

The accompanying notes form part of these financial statements

**AUCKLAND MUSEUM TRUST BOARD
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDING 30 JUNE 2018**

	Note	Accumulated Revenue and Expense \$000s	Special Purposes Reserves Other Special Purposes \$000s	Asset Replacement \$000s	Total Equity \$000s
2017					
Balance as at 1 July 2016		132,024	13,605	60,931	206,560
Total Comprehensive Revenue and Expense		(480)	-	-	(480)
Transfer to/(from) Special purposes equity *	7	(148)	148	-	-
Transfer to/(from) Asset Replacement	7	634	-	(634)	-
Transfer of depreciation levy **	7	(9,045)	-	9,045	-
Transfer of capital expenditure **	7	17,757	(414)	(17,343)	-
Balance at 30 June 2017		<u>140,742</u>	<u>13,339</u>	<u>51,999</u>	<u>206,080</u>
2018					
Balance as at 1 July 2017		140,742	13,339	51,999	206,080
Total Comprehensive Revenue and Expense		(3,326)	-	-	(3,326)
Transfer to/(from) Special purposes equity *	7	(209)	209	-	-
Transfer to/(from) Asset Replacement	7	3,407	-	(3,407)	-
Transfer of depreciation levy **	7	(9,226)	-	9,226	-
Transfer of capital expenditure **	7	14,729	(3)	(14,726)	-
Balance as at 30 June 2018		<u>146,117</u>	<u>13,545</u>	<u>43,092</u>	<u>202,754</u>

* Special Purposes surplus/(deficit) is transferred from Accumulated Revenue and Expense to Special Purposes Equity and Asset Replacement Equity.

** The levy received from the Auckland Council includes an amount to recompense depreciation in the Museum's property, plant and equipment, the funds in respect of which are transferred from Accumulated Revenue and Expense to the Asset Replacement Reserve 2018 \$9.226 million (2017 \$9.045 million). When expenditure is incurred on assets the funds are reclassified from the Asset Replacement Reserve into Accumulated Funds 2018 \$14.726 million (2017 \$17.343 million). Special Purposes Equity Funds may also be held to be expended on assets and in that event the funds are also reclassified from Special Purposes Equity Funds into Accumulated Funds 2018 \$0.003 million (2017 \$0.414 million). Refer to note 9 for details of investments held for the special purposes and asset replacement reserves.

The accompanying notes form part of these financial statements

**AUCKLAND MUSEUM TRUST BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$000s	2017 \$000s
Current Assets			
Cash and cash equivalents	10	8,686	9,835
Short term investments	9	4,459	7,429
Receivables from exchange transactions		638	291
Goods and services tax receivable		440	578
Prepayments and Exhibition WIP		840	1,195
Inventory		467	388
		<u>15,530</u>	<u>19,716</u>
Non-current Assets			
Property, plant and equipment	4	140,673	135,379
Investments	9	52,178	57,909
Intangible assets	5	2,016	1,538
		<u>194,867</u>	<u>194,826</u>
Total Assets		<u>210,397</u>	<u>214,542</u>
Current Liabilities			
Trade and other payables from exchange transactions		1,680	2,182
Other payables from non-exchange transactions		327	291
Accruals and Provisions		3,604	3,969
Employee benefits	12	1,451	1,447
		<u>7,062</u>	<u>7,889</u>
Non-current Liabilities			
Employee benefits	12	581	573
		<u>581</u>	<u>573</u>
Total Liabilities		<u>7,643</u>	<u>8,462</u>
Net Assets/Equity		<u>202,754</u>	<u>206,080</u>
Represented by:			
Accumulated Revenue and Expense		146,117	140,742
Asset Replacement Reserve	7	43,092	51,999
Other Special Purposes	7	13,545	13,339
Total Net Assets/Equity		<u>202,754</u>	<u>206,080</u>

The accompanying notes form part of these financial statements

**AUCKLAND MUSEUM TRUST BOARD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$000s	2017 \$000s
Cash Flows from Operating and Special Purpose Activities		
Cash was provided from:		
Levy from Auckland Council (non-exchange)	30,735	29,841
Receipts from commercial operations	2,324	2,530
Receipts from admissions	2,751	2,584
Receipts from retail	1,577	1,567
Grant received from Special Purposes (non-exchange)	450	1,501
Receipts from Sundry Income	1,084	820
Interest received from Operating Activities	531	488
Interest received from Special Purposes	292	404
Donations & sponsorships received from Special Purposes (non-exchange)	447	286
Donations & sponsorships received from Operating Activities (non-exchange)	127	263
Grant received from Operating Activities (non-exchange)	288	350
	<u>40,606</u>	<u>40,634</u>
Cash was applied to:		
Payments to employees relating to Operating Activities	(15,936)	(16,017)
Payments to suppliers relating to Operating Activities	(13,858)	(13,641)
Payments to employees relating to Special Activities	(5,694)	(4,650)
Payments to suppliers relating to Special Activities	(3,464)	(3,238)
	<u>(38,952)</u>	<u>(37,546)</u>
Net Cash Inflow from Operating and Special Purpose Activities	<u>1,654</u>	<u>3,088</u>
Cash Flows from Investing Activities		
Cash was provided from:		
Net proceeds from drawdown of investments	13,472	14,410
	<u>13,472</u>	<u>14,410</u>
Cash was applied to:		
Purchase of property, plant and equipment	(14,784)	(15,656)
Purchase of intangibles	(1,491)	(626)
	<u>(16,275)</u>	<u>(16,282)</u>
Net Cash Outflow from Investing Activities	<u>(2,803)</u>	<u>(1,872)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,149)</u>	<u>1,216</u>
Cash at beginning of year	9,835	8,619
Cash at end of year	<u>8,686</u>	<u>9,835</u>

The accompanying notes form part of these financial statements

**AUCKLAND MUSEUM TRUST BOARD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

Reconciliation of Surplus to Net Cash Flow from Operating and Special Purpose Activities

	2018 \$000s	2017 \$000s
Total Deficit	(3,326)	(480)
Deduct non-cash items:		
Depreciation, amortisation and loss on disposal	8,955	8,943
Change in measurement of investments at fair value	(4,771)	(5,211)
	4,184	3,732
 Add/(deduct) movements in working capital:		
Decrease/(Increase) in receivables	146	(281)
Increase in inventory	(79)	(112)
Increase in payables and accruals	717	255
Increase/(decrease) in employee benefits	12	(26)
	796	(164)
Net Cash Inflow from Operating and Special Purpose Activities	1,654	3,088

The accompanying notes form part of these financial statements

**AUCKLAND MUSEUM TRUST BOARD
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1 REPORTING ENTITY

Auckland Museum Trust Board ("the Trust") is a body corporate established under the Auckland War Memorial Museum Act 1996. Its principal activity is managing, maintaining and developing the Auckland War Memorial Museum ("the Museum").

The Trust is a charity registered under the Charities Act 2005, and domiciled in New Zealand, and is a not-for-profit public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). The Trust's registered office and principle place of business is Museum Circuit, Auckland Domain, Parnell, Auckland.

These consolidated financial statements for the year ended 30 June 2018 comprise the controlling entity, the Trust and its controlled entity, Auckland Museum Enterprises Ltd (together referred to as the "Group").

Auckland Museum Enterprises Ltd was incorporated on 15 April 2013 to hold registration as the developer of certain intellectual property rights. No capital has been subscribed, and the company has no recorded assets or liabilities nor are transactions processed through this company. Accordingly the financial statements of the Trust also represent the consolidated financial statements of the Trust and its non-trading subsidiary.

2 BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards as appropriate for Tier 1 not-for-profit public benefit entities. The Trust qualifies as a Tier 1 reporting entity based on size.

These consolidated financial statements were authorised for issue by Auckland Museum Trust Board on 18 October 2018.

Measurement Basis

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities, which are measured at fair value as described below.

Functional and Presentation Currency

The consolidated financial statements are presented in New Zealand dollars (NZD) which is the Museum's functional and presentation currency, rounded to the nearest thousand.

There has been no change in the functional currency of the Museum.

Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified unless reclassification is impracticable.

Donated Services

Donated service from volunteers is measured by using an hourly rate for a full time equivalent employee multiplied by the hours of volunteered service.

Use of Judgement and Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ended 30 June 2018 include the following:

Fair value of investments of \$52.178 million (2017: \$57.909 million)

The estimation in establishing the fair value of investments is undertaken by external independent sources. The Museum relies on Fund Managers for determination of these fair values (refer to note 11).

Any significant change in the determination of these fair values will have material impact on the Museum's investment.

Useful lives and residual values of Property, Plant and Equipment of \$140.673 million (2017: \$135.379 million)

The Board reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period (refer to note 4).

Any change in these factors would impact the depreciation amount and may have a material impact on the Museum's property, plant and equipment.

Heritage Collection Assets not recognised

Management has exercised significant judgement in determining that its collection assets do not meet the asset recognition criteria of PBE IPSAS 17 (refer to note 3).

3 HERITAGE COLLECTION ASSETS

The Museum holds collections for the purposes of research, education, cultural and scientific enrichment and public enjoyment. The Museum invests substantial resources in the care and protection of its collections to ensure their availability and future survival. The collection contains objects, specimens and documents gathered from the 1850s to the present day which individually and collectively forms a record of the natural and social environment of Auckland and beyond. The Museum's collection is one of the largest in New Zealand and several collecting areas rank highly in international significance.

The Natural Science collections contain specimens which provide vital evidence of the geological, botanical and zoological environment with a particular focus on northern New Zealand and the wider Pacific region. The collections are essential for describing what species have existed in New Zealand and for researching and monitoring change over time especially through environmental adaption and impacts of human interaction. The collections are an important node in a worldwide network of taxonomic and ecological research.

The Human History collections contain objects which have been created, used and valued by individuals and communities over many centuries. The Māori and Pacific collections are some of the richest and most numerous in the world. Along with social and military history and archaeology and applied arts collections, they form a comprehensive reflection of everyday objects and outstanding treasures derived from Auckland-based communities and cultures from all over the world.

People document their lives through pictures, words and sounds and the Documentary Heritage collections contained in the Museum's Library form one of the top research collections in New Zealand. Particular strengths include historical and contemporary photographs, maps, early newspapers and the manuscripts and archive collections of significant Aucklanders and organisations.

The near-encyclopaedic span of the Museum's collections, and the research data that records and connects each item to its significance, form a highly valued body of documents, specimens and objects which are strongly tied to the Museum's public identity and have a unique character particular to Auckland. Auckland Museum is the custodian of the heritage collections that are held in trust for the public of Auckland, and more broadly for New Zealand and for the international research community.

Heritage collections are inherently difficult to value for a number of reasons. The value to the custodial organisation is often greater than the financial value – financial value does not reflect the full cultural, scientific or historical value to the Museum or the community on whose behalf collections are held.

Heritage collection assets are not capable of being reliably measured for reasons including the following:

- Educational / research value is often not evident until such time as the collections contribute to the generation or transfer of knowledge. This can be immediate or a very long time in the future.

- Bequest value – the value derived by donors and their families through the act of giving – is an intangible value which is about the long-term relationship between the Museum and successive generations. It is in the nature of trust and goodwill which is not easily quantifiable in financial terms.
- Collective or synergistic value is accrued by a group of items whose individual value is not significant but together they may form a valuable comparative group – the value of the whole is greater than the sum of the parts. In a museum's case, the definition of the whole is an ever-changing concept depending on the groupings and perspectives of those with an interest in studying or appreciating the collections.
- Heritage assets are often encumbered with legal or ethical constraints so realising or liquidating them in financial terms runs counter to the implied transfer of trust which occurs at the time of acquisition and indeed the very purpose for holding them. This form of encumbrance potentially restricts their financial value but is hard to quantify.
- Items are usually unique and irreplaceable making it difficult to establish fair value at any particular time where there is no active market. Values can sit within a wide and subjective range which reduces the utility and accuracy of specific valuation.
- Application of the concept of 'useful life' commonly applied to assets can be inappropriate with respect to heritage collections as the presumption of many objects is that they are entrusted to a museum in perpetuity – their life is 'forever'. Indeed the purpose of adding an object to a museum collection may be to extend its life by giving it status and safe housing and careful access; in some senses, collection items are never 'used-up'.
- Financial treatment of assets is largely based on them being used to produce wealth and their ability to do this declines over time. This generates the need to depreciate and account for impairment of assets. Most museum collections gain in value over time so they run counter to the overall assumptions with regard to other assets. Formulae for appreciation/increase in value of museum collections do not work as readily as depreciation formulae as the increase in value is seldom a linear or arithmetic function. The perceived value of collection items can vary in response to social, political and natural events and in unpredictable patterns over time.

For the reasons stated above, Auckland Museum does not consider that collection assets meet the asset recognition criteria and these financial statements provide a more descriptive narration of the Museum's Heritage Collection Assets in terms of utility, uniqueness and community value instead of allocating a financial value.

Heritage collection assets acquisition expenses are processed through the Special Purposes section and preservation costs are processed through the Operating Activities section of Statement of Comprehensive Revenue and Expense.

4 PROPERTY, PLANT AND EQUIPMENT

4.1. Property, plant and equipment

	Work in Progress \$000s	Buildings \$000s	Displays \$000s	Equipment \$000s	Total \$000s
Cost					
Balance as at 1 July 2016	3,417	135,100	16,279	33,153	187,949
Additions	17,122	-	-	-	17,122
Transfers	-	-	-	-	-
Disposals	-	(55)	(883)	(1,556)	(2,494)
Transfers from Work in progress	(8,799)	1,842	5,008	1,949	(0)
Balance as at 1 July 2017	11,740	136,887	20,404	33,546	202,577
Additions	13,237	-	-	-	13,237
Disposals	-	-	(335)	(365)	(700)
Transfers from Work in progress	(15,838)	3,371	3,018	9,449	-
Balance as at 30 June 2018	9,139	140,258	23,087	42,630	215,113
Accumulated Depreciation					
Balance as at 1 July 2016	-	28,060	14,228	20,581	62,869
Depreciation expense	-	2,914	437	2,941	6,292
Disposals	-	(27)	(883)	(1,053)	(1,963)
Balance as at 1 July 2017	-	30,947	13,782	22,469	67,198
Depreciation expense	-	3,038	934	3,536	7,508
Disposals	-	-	(82)	(184)	(266)
Balance as at 30 June 2018	-	33,985	14,634	25,821	74,440
Carrying value at 30 June 2018	9,139	106,273	8,453	16,809	140,673
Carrying value at 30 June 2017	11,740	105,940	6,622	11,077	135,379

4.2. Recognition and measurement

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at the acquisition date, with the amount of the donation or subsidy recognised as income.

All of the Museum's items of property plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Buildings and Equipment include leasehold improvements with a net book value of \$8.64 million (2017: nil).

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

4.3. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Museum. Ongoing repairs and maintenance is expensed as incurred.

4.4. Depreciation

Depreciation is calculated using the straight-line method to allocate an asset's cost to its residual value over its estimated useful life.

Assets under construction are not subject to depreciation.

The annual depreciation rates on a straight-line basis for the Museum's classes of property, plant and equipment are:

Buildings:	
Buildings	0.5 – 2%
Building fit-outs	5 – 10%
Office furniture and fittings	5 – 20%
Displays:	
Display galleries	7 – 33%
Equipment:	
Plant and equipment	4 – 20%
Motor vehicles	10.5 – 20%
Information technology	20 – 40%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimates accounted for on a prospective basis.

4.5. Impairment of non-financial assets

At each reporting date, the Museum reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Where the asset does not generate cash flows that are independent from other assets, the Museum estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or cash-generating units.

The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss. For cash-generating units, impairment losses are allocated to the assets in the cash-generating unit on a pro rata basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

4.6. Capital Commitments

	2018 \$000s	2017 \$000s
Capital Commitments	4,062	8,169

The majority of above capital commitments relates to Base Build and Gallery Renewal projects.

5 INTANGIBLE ASSETS

5.1. Intangible assets

	Work in Progress \$000s	Intangibles \$000s	Total \$000s
Gross carrying amount			
Balance as at 1 July 2016	340	5,852	6,192
Additions	626	-	626
Transfers from Work in progress	(966)	966	0
Balance as at 1 July 2017	-	6,818	6,818
Additions	1,491	-	1,491
Disposals	-	(546)	(546)
Transfers from Work in progress	(1,100)	1,100	-
Balance as at 30 June 2018	391	7,372	7,763
Accumulated amortisation and impairment			
Balance as at 1 July 2016	-	3,159	3,159
Amortisation expense	-	2,121	2,121
Balance as at 1 July 2017	-	5,280	5,280
Amortisation expense	-	955	955
Disposals	-	(488)	(488)
Balance as at 30 June 2018	-	5,747	5,747
Carrying value at 30 June 2018	391	1,625	2,016
Carrying value at 30 June 2017	-	1,538	1,538

5.2. Recognition and measurement

Intangible assets represent the Museum's investment in software and other design modules which are initially measured at cost. Thereafter they are measured at cost less accumulated amortisation and impairment (refer to note 4.5 for impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Museum intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in surplus or deficit as incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

Amortisation

Intangible assets are amortised over their useful lives. Amortisation is recognised in surplus or deficit on a straight-line basis over two to five years.

Useful lives are reviewed at each reporting date and adjusted if appropriate.

6 REVENUE

Recognition and measurement

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Museum, and measured at the fair value of consideration received or receivable less returns, rebates and discounts.

Special Purposes Revenue represents the income earned that is set aside in the Museum Reserves to meet the ongoing and future needs of the Museum. These funds can only be utilised for specific purposes and are restrictive in nature.

The following recognition criteria specific to the Museum's revenue streams must also be met before revenue is recognised.

6.1. Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources but provides nominal (or nil) direct consideration in return.

With the exception of services-in-kind (e.g. fair value of volunteer's time), inflows of resources from non-exchange transactions are only recognised as assets where:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

a) Levies

Levies are received from the Auckland Council. These are recognised as revenue on an accrual basis.

b) Donations and sponsorship/ Fair value of volunteers' time

Donations and sponsorship are recognised as revenue upon receipt. The fair value of volunteer and other donated services are recognised as income and an expense when the service is received. Fair value is determined by reference to the expected costs that would otherwise be borne for these services.

In the current year, the Museum received donations in the form of volunteers' time and overseas travel services received in-kind.

c) Grants

The recognition of non-exchange revenue from Grants depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

6.2. Revenue from exchange transactions

a) Commercial operations and retail

This includes revenue from sale of goods, services and rental revenue.

Retail revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. In most instances, due to the nature of the Museum's operations, this occurs at the point-of-sale.

Rental revenue in relation to operating leases on the Museum's sub-lease for the cafe is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the lease term.

b) Events and admission fees

Revenue is recognised in profit or loss as the related admission or event services are provided.

Revenue received in advance for services to be provided in future periods is recognised as a liability until such time as the service is provided.

c) Finance Income

Finance income comprises interest recognised using effective interest method.

7 RESERVES

	Balance 2017 \$000s	Gifts and Bequests \$000s	Investment Net Income \$000s	Non-capital Expenditure \$000s	Surplus/ (Deficit) \$000s	Capital Expenditure \$000s	Levies \$000s	Balance 2018 \$000s
ASSET REPLACEMENT RESERVE								
Asset Replacement Reserve*	51,999	831	4,163	(8,401)	(3,407)	(14,726)	9,226	43,092
OTHER SPECIAL PURPOSES RESERVES								
Gifts, Trusts and Bequests subject to restrictions								
Levingston Cooke Family Bequest	2,575	38	175	(342)	(129)	-	-	2,446
Edward Earle Vaile Trust Fund	1,422	-	95	(83)	12	-	-	1,434
Waldo Heap Bequest	403	-	27	-	27	-	-	430
Nancy Bamford bequest	391	-	27	(20)	7	-	-	398
A G W Dunningham bequest	236	-	16	-	16	-	-	252
Lesley Isabel Taylor	203	-	14	-	14	-	-	217
Auckland Museum Endowment Act	88	-	6	-	6	-	-	94
Life Members' Subscription Trust	78	-	5	(15)	(10)	-	-	68
AWMME&B Omnibus Trust	73	-	5	-	5	-	-	78
K Pritchard bequest	39	-	3	-	3	-	-	42
C Whitney Trust	30	-	2	-	2	-	-	32
Margaret O'Donoghue	-	24	2	-	26	-	-	26
R B Sibson Library Fund	21	-	1	-	1	-	-	22
Lady A Fox	21	-	1	-	1	-	-	22
Mackechnie - Library Books	20	-	1	-	1	-	-	21
Others under \$15,000	80	-	6	-	6	-	-	86
General								
Spedding Reserve	5,034	-	338	(252)	86	-	-	5,120
Estate - Audrey Isabelle Maddox	183	-	12	-	12	-	-	195
Len Coakley Trust Fund	54	-	4	-	4	-	-	58
Celestene M Brandon	44	-	3	-	3	-	-	47
James Searle Foundation	49	-	3	(45)	(42)	-	-	7
Others under \$15,000	56	-	2	-	2	-	-	58
Total Trusts & Bequests	11,100	62	748	(757)	53	-	-	11,153
Museum Reserves								
Exhibition reserve	953	-	63	-	63	-	-	1,016
Heritage Capital Reserve	725	-	50	-	50	(3)	-	772
Acquisitions Reserve	524	-	35	-	35	-	-	559
Ko Tawa reserve	37	4	4	-	8	-	-	45
Total Reserves	2,239	4	152	-	156	(3)	-	2,392
TOTAL OTHER SPECIAL PURPOSES RESERVES								
	13,339	66	900	(757)	209	(3)	-	13,545
TOTAL TRUSTS, BEQUESTS & RESERVES								
	65,338	897	5,063	(9,158)	(3,198)	(14,729)	9,226	56,637

	Balance 2016 \$000s	Gifts and Bequests \$000s	Investment Net Income \$000s	Non-capital Expenditure \$000s	Surplus/ (Deficit) \$000s	Capital Expenditure \$000s	Levies \$000s	Balance 2017 \$000s
ASSET REPLACEMENT RESERVE								
Asset Replacement Reserve*	60,931	1,722	4,631	(6,987)	(634)	(17,343)	9,045	51,999
OTHER SPECIAL PURPOSES RESERVES								
Gifts, Trusts and Bequests subject to restrictions								
Levingston Cooke Family Bequest	2,649	40	195	(309)	(74)	-	-	2,575
Edward Earle Vaile Trust Fund	1,373	16	101	(68)	49	-	-	1,422
Waldo Heap Bequest	376	-	27	-	27	-	-	403
Nancy Bamford bequest	477	-	34	(120)	(86)	-	-	391
A G W Dunningham bequest	220	-	16	-	16	-	-	236
Lesley Isabel Taylor	189	-	14	-	14	-	-	203
Auckland Museum Endowment Act	82	-	6	-	6	-	-	88
Life Members' Subscription Trust	85	-	6	(13)	(7)	-	-	78
AWMME&B Omnibus Trust	68	-	5	-	5	-	-	73
K Pritchard bequest	36	-	3	-	3	-	-	39
C Whitney Trust	27	-	3	-	3	-	-	30
Margaret Blythe reserve	79	-	-	(79)	(79)	-	-	-
Memorial Hall donations	166	-	-	(166)	(166)	-	-	-
Others under \$15,000	139	-	8	(5)	3	-	-	142
General								
Spedding Reserve	4,814	-	355	(135)	220	-	-	5,034
Estate - Audrey Isabelle Maddox	170	-	13	-	13	-	-	183
Len Coakley Trust Fund	50	-	4	-	4	-	-	54
Celestene M Brandon	41	-	3	-	3	-	-	44
James Searle Foundation	40	5	4	-	9	-	-	49
Others under \$15,000	48	4	4	-	8	-	-	56
Total Trusts & Bequests	11,129	65	801	(895)	(29)	-	-	11,100
Museum Reserves								
Exhibition reserve	887	-	66	-	66	-	-	953
Heritage Capital Reserve	1,062	-	77	-	77	(414)	-	725
Acquisitions Reserve	488	-	36	-	36	-	-	524
Ko Tawa reserve	39	1	2	(5)	(2)	-	-	37
Total Reserves	2,476	1	181	(5)	177	(414)	-	2,239
TOTAL OTHER SPECIAL PURPOSES RESERVES								
	13,605	66	982	(900)	148	(414)	-	13,339
TOTAL TRUSTS, BEQUESTS & RESERVES								
	74,536	1,788	5,613	(7,887)	(486)	(17,757)	9,045	65,338

*Asset Replacement Reserve

The Museum receives funding for asset replacement (including depreciation). The difference between the amount funded and the sum spent on capital expenditure each year is recorded within the Asset Replacement Reserves. The Museum is currently finalising its gallery, space and storage plans for the next 15 to 25 years. Considerable progress has been made in the last 12 months in the development of the *Future Museum* plan and a capital project team has been established to carry out this work. Expenditure over the next few years is expected to see the Asset Replacement Reserve balance reduce considerably.

8 EXPENSES

Cost of operating activities based on the Museum's strategic goals:

	Actual 2018 \$000s	Plan 2018 \$000s	Actual 2017 \$000s
Cost of Operating Activities			
Reach Out To More People	5,826	5,444	5,597
Transform Our Building And Collections	6,707	6,673	6,581
Stretch Thinking	4,225	4,131	3,576
Lead A Digital Museum Revolution	3,496	3,232	3,080
Engage Every Schoolchild	3,826	3,877	4,209
Grow Our Income And Enhance Value For Aucklanders	7,263	6,508	6,850
	31,343	29,865	29,893
Depreciation, amortisation & loss on disposals	8,955	9,226	8,943
Total Cost of Operating Activities	40,298	39,091	38,836

Total Comprehensive Revenue and Expense for the year includes the following expenses by nature:

Expenses	Actual 2018 \$000s	Plan 2018 \$000s	Actual 2017 \$000s
Short-term employee benefits:			
Salaries and wages - Operating Activities	16,240	17,718	15,440
Salaries and wages - Special Purposes	5,694	-	4,650
Termination payments	175	-	121
Defined contribution plans	425	474	431
Total employee benefits	22,534	18,192	20,642
Depreciation	7,508	9,226	6,291
Amortisation	955	-	2,121
Repairs and Maintenance	1,420	1,554	1,557
Inventory consumption recognised	768	746	806
Loss on disposal of fixed assets	492	-	531
Fair value of volunteers' time	544	642	511
Trust Board fees	225	206	198
Taumata-ā-Iwi fees	65	57	52
Auditor Fees	48	49	51
Operating lease expenses	35	33	32
Impairment allowance for trade debtors	(20)	-	20
Heritage assets acquisition	58	-	128
Inventory write-down costs	(35)	-	(35)

9 INVESTMENTS

	2018 \$000s	2017 \$000s
Balance as at 30 June		
Investments restricted - Current	4,459	7,429
Investments restricted - Non-current	52,178	57,909
	56,637	65,338

Represents:

Asset Replacement Reserve	43,092	51,999
Other Special Purpose Equity	13,545	13,339
	56,637	65,338

These funds have been set aside by the Museum for specific purposes, or have been gifted to the Museum for use of a special purpose. These funds are not available for normal operational use. (Refer to note 7 for the nature of each trust, bequest and reserve).

Details of the investments are as follows:

	2018 \$000s	2017 \$000s
Balance as at 30 June		
International Equities	21,971	21,842
Australasian Fixed Interest	17,188	24,632
Australasian Equities	13,019	11,435
Cash (including in-house short term investments)	4,459	7,429
	56,637	65,338

10 CASH AND CASH EQUIVALENTS

	2018 \$000s	2017 \$000s
Cash at bank	8,686	9,835

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and deposits held at call with domestic banks and other short-term investments that are used for operational purposes.

Operating activities: are the principal revenue-producing, special purposes and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets not included in cash equivalents.

Financing activities: are the activities that result in changes in the size and composition of total equity and borrowings of the entity.

A \$662,416 payment guarantee provided by BNZ in favour of landlords James Trust and Munjula Manek Andrews & Munjula T is in place. There is also a \$1,000,000 standby letter of credit for the Payroll provider. The Museum holds a business Visa card with BNZ with a credit limit of \$150,000.

11 FINANCIAL INSTRUMENTS

The Museum initially recognises financial instruments when the Museum becomes a party to the contractual provisions of the instrument.

The Museum derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Museum is recognised as a separate asset or liability.

The Museum derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Museum has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum classifies financial assets into the following categories: fair value through surplus or deficit and loans and receivables.

The Museum classifies financial liabilities into amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

11.1. Fair value through surplus or deficit

A financial instrument is classified as fair value through surplus or deficit if it is:

- Held-for-trading
- Designated at initial recognition: If the Museum manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Museum's documented risk management or investment strategy.

Those fair value through surplus or deficit instruments sub-classified as designated at initial recognition comprise investments held.

Financial instruments classified as fair value through surplus or deficit are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

The Museum holds Special Purpose funds which are investing in financial assets. The assets are invested in a portfolio comprising International Equities, Australasian Fixed Interest, Global Fixed Interest, Australasian Equities and cash (short-term investments) and are accounted for at fair value through profit and loss. Fair values of these types of financial assets fluctuate due to changes in market

prices arising from currency risk, interest rate risk and other price risk.

11.2. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents are highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Receivables are initially recognized at the fair value of the amounts to be received. They are subsequently measured at amortised cost using the effective interest method less impairment.

11.3. Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise payables and accruals.

Payables are initially recognised at fair value less transaction cost (if any). They are subsequently measured at amortised cost using effective interest method.

11.4. Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Museum on terms that the Museum would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Museum, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets classified as held-to-maturity and loans and receivables

The Museum considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Museum uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred,

adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

11.5. Categories of Financial Instruments

At 30 June 2018 Financial assets	Fair Value through Profit or Loss designated at initial recognition \$000s	Loans and Receivables at amortised cost \$000s	Total Carrying Amount \$000s	Fair Value \$000s
Cash and cash equivalents	-	8,686	8,686	8,686
Short-term investments	-	4,459	4,459	4,459
Receivables	-	638	638	638
Investments	52,178	-	52,178	52,178
	52,178	13,783	65,961	65,961

Financial Liabilities	Other Liabilities \$000s	Total Carrying Amount \$000s	Fair Value \$000s
Trade payables, accruals and provisions	5,611	5,611	5,611
Employee benefits	2,032	2,032	2,032
	7,643	7,643	7,643

Net	52,178	6,140	58,318	58,318
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At 30 June 2017 Financial assets	Fair Value through Profit or Loss designated at initial recognition \$000s	Loans and Receivables at amortised cost \$000s	Total Carrying Amount \$000s	Fair Value \$000s
Cash and cash equivalents	-	9,835	9,835	9,835
Short-term investments	-	7,429	7,429	7,429
Receivables	-	291	291	291
Investments	57,909	-	57,909	57,909
	57,909	17,555	75,464	75,464

Financial Liabilities	Other Liabilities \$000s	Total Carrying Amount \$000s	Fair Value \$000s
Trade payables and accruals	6,442	6,442	6,442
Employee benefits	2,020	2,020	2,020
	8,462	8,462	8,462

Net	57,909	9,093	67,002	67,002
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11.6. Financial Risk Management Objectives

The Museum is subject to a number of financial risks which arise as a result of its activities (i.e. exposure to credit, liquidity, currency and interest risk) arising in the normal course of business.

There have been no changes during the year to the Museum's exposure to these risks, and the manner in which it manages and measures these risks.

The Auckland War Memorial Act 1996 (the Act) requires the Museum to manage and account for its revenue, expenses, assets, liabilities, investments and financial dealings generally and in accordance with the relevant financial management principles and Generally Accepted Accounting Practice, while remaining a going concern. Museum capital is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The Museum has a series of policies to manage the risks associated with financial instruments. The Museum is risk averse and seeks to minimise exposure from its treasury activities through the diversification of its investments by investing largely in a portfolio comprising Australasian Equities, Global Equities, Australasian Fixed Term Interest and Global Fixed Interest securities. The Museum has established Museum-Approved Financial Management and Investment policies. These provide a framework for the management of financial resources in an efficient and effective way.

The Museum does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

11.6.1. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Museum.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses, represents the Museum's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The average credit period on sales of goods and rendering of services as at 30 June 2018 is 39 days (2017: 34 days). No interest is charged on trade receivables. Included in the allowance for doubtful debts are individually impaired trade receivables. The impairment recognised represents the difference between the carrying amount of those trade receivables and the present value of the expected liquidation proceeds. The Museum does not hold any collateral over these balances. As at 30 June 2018 the Museum considers all outstanding debt recoverable, determined by reference to past experience and relationship with the debtors.

Before accepting a new customer, the Museum assesses the potential customer's credit quality and defines credit limits by customer. The trade receivables are constantly reviewed throughout the month and limits are reviewed should the customer not meet the Museum's credit requirements.

Ageing of past due but not impaired trade receivables

	2018 \$000s	2017 \$000s
Current	582	181
30-60 days	19	20
60-120 days	37	90
Total	638	291

In determining the recoverability of a trade receivable, the Museum considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the Museum believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The Museum has minimal exposure to a large volume of small-value trade receivables arising from group and school visits and venue hire. Credit checks are carried out on new customers and deposits obtained for venue hire. Prompt action is taken to collect overdue amounts. There were \$50,000 bad debts written off in 2018 (2017: \$nil). A doubtful debt provision is created when the payment of a debt is uncertain.

Other Credit Risk

Operating funds not immediately required are invested in accordance with the Investment policy. Investments in Australasian Fixed Interest and Global Fixed Interest securities are managed for the Museum by fund managers whose practice is to invest in high-grade debt and short-maturity credit securities.

To reduce the credit exposure of the managed investments, the Museum has invested in diversified asset classes and within each of these classes there is a maximum limit that can be invested in any one institution or entity. Thus investments are placed across a portfolio of parties to minimise credit risk. As at 30 June 2018 there is no significant concentration of credit risk.

11.6.2. Liquidity Risk

Liquidity risk is the risk that the Museum might not be able to meet its obligations. Prudent liquidity risk management requires maintaining sufficient cash or cash equivalent.

The Museum's objective is to maintain sufficient cash and marketable equities to meet its liquidity requirements for 12 months at a minimum.

The Museum considers expected cashflows from financial assets in assessing and managing liquidity risk, in particular its cash resources, term deposits and bond portfolio.

The Museum manages liquidity risk by maintaining adequate funds on deposits, reserves and banking facilities by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Museum is able to meet its obligations through the levy from Auckland Council, and self-generated revenue.

Below is the analysis based on the undiscounted cash flows of non-derivative financial liabilities:

	Weighted average interest rate	Contractual cash flow \$000s	Less than 1 Year \$000s	2-5 Years \$000s	Total \$000s
30 June 2018					
Trade and other payables		5,611	5,611	-	5,611
Employee benefits		2,032	1,451	581	2,032
Total		7,643	7,062	581	7,643

The Museum has the following liquid assets to meet its liabilities:

Cash and cash equivalents	3.32%	8,686	8,686	-	8,686
Receivables and other assets		1,545	1,545	-	1,545
Short Term Investments		4,459	4,459	-	4,459
Total		14,690	14,690	-	14,690

	Weighted average interest rate	Contractual cash flow \$000s	Less than 1 Year \$000s	2-5 Years \$000s	Total \$000s
30 June 2017					
Trade and other payables		6,442	6,442	-	6,442
Employee benefits		2,020	1,447	573	2,020
Total		8,462	7,889	573	8,462

The Museum has the following liquid assets to meet its liabilities:

Cash and cash equivalents	3.35%	9,835	9,835	-	9,835
Receivables and other assets		1,257	1,257	-	1,257
Short Term Investments		7,429	7,429	-	7,429
Total		18,521	18,521	-	18,521

As explained in note 9, short term investments are funds set aside by the Museum for specific purposes and not available for normal operational use. Therefore these funds are only available to meet liabilities related to the specific purposes.

11.6.3. Market Risk

11.6.3.1. Currency Risk

Currency risk is the risk that the Museum will suffer losses arising from significant movements in NZD currency in relation to other currencies, when paying for special exhibitions, other overseas purchases or when valuing Global Fixed Interest securities.

The Museum has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from investing and exhibition activities. Foreign exchange risks on investment funds are hedged by the relevant fund manager as considered necessary using economic hedges.

Forward exchange contracts are taken out to cover exhibition commitments. There was no exposure for exhibitions as at 30 June 2018 (2017: \$ nil).

Foreign exchange risks on Global Fixed Interest securities are fully hedged while hedging of Global Equities ranges from 50% to 100%, as considered appropriate by the fund managers. As at 30 June 2018 overseas investment funds were hedged USD 100% and EUR 75% (2017: USD 100% and EUR 75%).

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historical trends in equity values. A 10% increase or decrease is used when reporting exchange rate risk internally to key management personnel and represents management's assessment of the reasonably possible fluctuation in exchange rates.

As at the balance sheet date, the Museum was exposed to the following foreign currencies:

2018	NZD \$000s	USD \$000s	EUR \$000s	AUD \$000s	GBP \$000s	Others \$000s	Total \$000s
Cash	8,686	-	-	-	-	-	8,686
Trade and Other Receivables	1,078	-	-	-	-	-	1,078
Trade and Other Payables	(7,643)	-	-	-	-	-	(7,643)

Investments							
Equities	7,251	10,868	2,754	3,655	1,490	4,665	30,683
Fixed Interest	9,762	1,903	282	5,906	566	-37	18,382
Cash deposits	7,390	-	-	182	-	-	7,572
	26,524	12,771	3,036	9,743	2,056	4,628	58,758

2017	NZD \$000s	USD \$000s	EUR \$000s	AUD \$000s	GBP \$000s	Others \$000s	Total \$000s
Cash	9,835	-	-	-	-	-	9,835
Trade and Other Receivables	869	-	-	-	-	-	869
Trade and Other Payables	(8,462)	-	-	-	-	-	(8,462)

Investments - split by:							
Equities	8,374	9,527	2,961	4,176	1,271	5,121	31,430
Fixed Interest	13,672	1,506	193	9,583	566	-	25,520
Cash deposits	8,371	-	-	17	-	-	8,388
	32,659	11,033	3,154	13,776	1,837	5,121	67,580

As at 30 June 2018 if the currency on investments had fluctuated by plus or minus 10%, the surplus for the Museum would have been \$0.314 million lower/higher (2017: \$0.670 million lower/higher). A 10% currency rate increase or decrease is used when reporting currency rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in currency rates.

11.6.3.2. Interest Rate Risk

The Museum is exposed to interest rate risk as it invests cash in short-term and long-term deposits at fixed interest rates. Refer to note 11.5 for a summary by asset class.

The Museum has potential exposure to interest rates on its short-term investments. These exposures are managed by investing in bank deposits maturing in less than 12 months. The range of interest rates is reported monthly.

As at 30 June 2018 if interest rates on cash and cash equivalents, and short-term investments had fluctuated by plus or minus 1%, the surplus for the Museum would have been \$181,000 higher/lower (2017: \$188,000 higher/lower). A 1% interest rate increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible fluctuation in interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at fixed interest rates expose the Museum to fair value interest rate risk. As at 30 June 2018 if the fair value interest rates on fixed interest investment had fluctuated by plus or minus 1%, the surplus for the Museum would have been \$162,000 higher/lower (2017: \$255,000 higher/lower).

11.6.3.3. Other Price Risk

The Museum has potential exposure to changes in equity prices in its investments in Australasian Equities and Global Equities. All equity investments present a risk of loss of capital often due to factors beyond the fund managers' control, such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The fund managers moderate this risk through careful investment selection and diversification, daily monitoring of the funds' market position and adherence to the funds' investment policy. The maximum market risk resulting from financial instruments is determined by their fair value.

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historical trends in equity indexes. A 10% increase or decrease is used when reporting equity index risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity indexes. As at 30 June 2018 if the equity indexes had fluctuated by plus or minus 10%, the surplus for the Museum would have been \$3.068 million higher/lower (2017: \$3.143 million higher/lower). A 10% market rate increase or decrease is used when reporting market rate risk internally to key management personnel and represents management's assessment of the reasonably possible fluctuation in market rates.

11.6.4. Fair Value

The carrying value of cash and equivalents, short-term investments, receivables, payables and interest-bearing loans is equivalent to their fair value.

Classification and fair values

The fund managers manage the Museum's investments and make purchase and sale decisions based on their fair value and in accordance with investment strategy. Financial assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of the 'Financial assets at fair value through the profit or loss' category are presented in the Statement of Comprehensive Revenue and Expense when they arise.

11.6.4.1. Fair Value Measurement

Financial instruments are grouped into levels 1 to 3 in the fair value hierarchy based on the degree to which the fair value is observable.

The Museum has managed funds at fair value in level 1 as at 30 June 2018 of \$52.178m (2017: fair value in level 1 of \$57.909m).

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1 and 2 in the period.

12 EMPLOYMENT BENEFITS

12.1. Details of employee benefits are as follows:

	2018 \$000s	2017 \$000s
Current		
Short-term employee benefits		
Annual Leave	1,317	1,309
Sick Leave	89	87
	<u>1,406</u>	<u>1,396</u>
Current portion of long-term employee benefits		
Long-service Leave	45	51
	<u>45</u>	<u>51</u>
	<u>1,451</u>	<u>1,447</u>
Non-current		
Non-current portion of long-term employee benefits		
Retirement Gratuity	56	102
Long-service Leave	525	471
	<u>581</u>	<u>573</u>
Total employment benefit liability	<u>2,032</u>	<u>2,020</u>

12.2. Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Museum has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick-leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

12.3. Long-term employee benefits

Long-term employee benefit obligations are recognised when the Museum has a legal or constructive obligation to remunerate employees for services provided beyond 12 months of reporting date. Long-term employee benefit obligations are measured on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Sick leave, annual leave, vested long service leave, and non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

12.4. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

12.5. Termination benefits

Termination benefits are recognised as an expense when the Museum is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Museum has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

13 LEASES

Non-cancellable operating lease receivables and payables are as follows:

	Receivables		Payables	
	2018 \$000s	2017 \$000s	2018 \$000s	2017 \$000s
Not later than one year	107	107	846	746
Later than one year and not later than five years	22	46	2,166	2,277
Later than five years	-	-	4,027	4,530
	<u>129</u>	<u>153</u>	<u>7,039</u>	<u>7,553</u>

OPERATING LEASE

Entity as lessor

Operating lease revenue is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the Statement of Comprehensive Revenue and Expense over the lease term on the same basis as the lease income.

The Museum has entered into an arrangement to lease its café area for a term of six years and one month commencing December 2012. The lease contract contains biennial rent reviews in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Rental income for 2018 amounted to \$183,891 (2017: \$176,581).

The Museum has a sub-lease arrangement in place over its offsite storage space at 9 Manu Street. The sub-lease commenced on 1 September 2017 and has two renewal dates. Rental income for 2018 amounted to \$58,933 (2017: N/A).

Entity as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern over which economic benefits from the leased asset are consumed.

The Museum has three commitments under non-cancellable leases for 2018 (2017: 2 commitments): 1) A 20 year lease for offsite storage of collections, which commenced on 1 Jul 2016. The offsite storage lease contains 2 reviews, in the event that the Museum exercises its option to renew; 2) a 4 year lease for printers, which commenced on 1 Jul 2017; and 3) the lease of 19 Morgan Street, which commenced on 1 November 2017 for an initial term of 3 years with two rights of renewal for a further two years.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

14 RELATED PARTIES

14.1. Controlling entity and ultimate controlling entity

The Museum has no controlling entity or ultimate controlling entity.

14.2. Related parties and related party transactions

Related parties include:

- The Trust Board
- The Taumata-a-Iwi
- The Museum Director
- Regional Facilities Auckland (RFA)
- Auckland Council
- Auckland Museum Institute
- The Auckland Museum Foundation
- Key management personnel

RFA is a statutory body which recommends the appointment of five board members to the Auckland Museum Trust Board and recommends the approval of the Museum's annual plans and annual reports, as referred to in the Auckland War Memorial Museum Act 1996, on behalf of Auckland Council that is presently responsible for paying the annual levy. Financial transactions with Auckland Council include payment of rates and sundry charges 2018 \$0.256 million (2017: \$0.272 million). In 2018 the Museum received a levy of \$30.74 million (2017: \$29.84 million). No sums have been written off or provisions made during the year or at year-end 2018 (2017: \$nil). No balance outstanding as at 30 June 2018 (2017: \$nil).

The land beneath the Museum's building is held under a long term lease from the Auckland Council and no rental is charged in accordance with the Auckland War Memorial Museum Site Empowering Act 2003.

The Auckland Museum Institute is the learned society and membership body, as referred to in the Auckland War Memorial Museum Act 1996. The Auckland Museum Institute appoints four members of the Auckland Museum Trust Board, and supports the Museum in its objectives and functions as specified in the Act. Financial transactions with the Auckland Museum Institute include distribution to the Auckland Museum Institute of the Life Members funds 2018 \$15,050 (2017: \$12,960) and financial contribution of \$29,557 (2017: \$40,503) to assist in the delivery of agreed annual programme, membership services and development activities. As at 30 June 2018 the Auckland Museum Institute owed to the Museum \$5,513 (2017: \$11,804). There is no security for this debt. No sums have been written off or allowances for impairment made during the year or at year-end 2018 (2017: \$nil). As at 30 June 2018 the Museum owed to the Auckland Museum Institute \$nil (2017: \$3,882).

The Auckland Museum Foundation is a charitable entity domiciled in New Zealand and registered under the Charities Act 2005. It is established under a Trust Deed of 18 October 1999.

It is an independent body that raises funds to benefit the Museum. In 2018 the Museum received grants of \$12,335 from Auckland Museum Foundation (2017: \$nil). As at 30 June 2018 The Auckland Museum Foundation owed to the Auckland Museum \$nil (2017: \$nil). As at 30 June 2018 the Museum owed to the Auckland Museum Foundation \$161 (2017: \$nil).

The Museum provides pro bono accounting and other support services to the Auckland Museum Institute and the Auckland Museum Foundation. Furthermore, the Museum allows these entities access to property at no charge.

There were no other transactions with the above related parties and no balances owed as at 30 June 2018 (2017: \$nil).

14.3. Remuneration of Key Management Personnel

The Museum classifies its key management personnel into the following classes:

- Members of the Trust Board
- Members of the Taumata-a-Iwi
- Executive Team

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing bodies, and 'full-time-equivalents' (FTE's) for Executive Team) in each class of key management personnel is presented below:

	2018 Remuneration \$000s	Individuals	2017 Remuneration \$000s	Individuals
Members of the Trust Board	225	10 People	198	10 People
Members of the Taumata-a-Iwi	65	5 People	52	5 People
Executive Team	1,891	7.8 FTE's	1,827	7.8 FTE's
	2,181		2,077	

The above remuneration is based on short-term benefits on a payments basis.

Grouped below is the number of employees or former employees of the Museum who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more during the year.

Amount of Remuneration	2018	2017
\$100,000 - \$120,000	13	11
\$120,001 - \$140,000	12	16
\$140,001 - \$160,000	6	6
\$160,001 - \$180,000	4	-
\$180,001 - \$200,000	1	1
\$200,001 - \$220,000	3	3
\$220,001 - \$240,000	-	1
\$240,001 - \$260,000	-	1
\$330,001 - \$350,000	2	1
\$350,001 - \$370,000	1	-
	42	40

14.4. Controlled Company

Auckland Museum Enterprises Limited was incorporated on 15 April 2013 in New Zealand and is wholly owned by the Trust Board. It is needed to hold registration as the developer of certain intellectual property rights. No capital has been subscribed nor have transactions been processed through this company in the period to 30 June 2018 (2017: \$nil). There have been no transactions processed through this entity during the year ended 30 June 2018 (2017: \$nil).

15 COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

Provisions for legal claims have been recognised in the consolidated financial statements. The Museum Trust Board has based the provision on legal advice received. No information pertaining to these provisions has been disclosed as it may prejudice the outcome for the Museum. The Trust Board continues to update its legal advice as new facts and circumstances arise and provisions are recognised where warranted based on this. There are no other contingent liabilities as at 30 June 2018 (2017: nil).

Contingent Assets

There were no contingent assets at 30 June 2018 (2017: nil).

16 OTHER ITEMS

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Foreign Currency

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in revenue or expense in the period in which they arise.

Goods and Services Tax (GST)

All balances are presented net of GST, except for receivables and payables which are presented inclusive of GST.

Income Tax

The Museum is exempt from payment of income tax as a registered charitable organisation. Accordingly, no income tax charges have been provided.

Provisions

Provisions are recognised when the Museum has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Payables

Trade payables and other accounts payable are recognised when the Museum becomes obliged to make future payments resulting from the purchase of goods and services.

Interest Expense

Interest expense is recognised using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

17 POST BALANCE DATE EVENTS

There are no matters arising since 30 June 2018 that would materially affect the Museum's consolidated financial statements (2017: nil).

Deloitte.

Independent Auditor's Report

To the Members of Auckland Museum Trust Board

We have been engaged by the Auckland Museum Trust Board (the 'Auckland Museum' or 'Museum') to audit:

- the financial statements of the Auckland Museum which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and
- the status of performance measures included in the service performance report of Auckland Museum for the year ended 30 June 2018,

collectively referred to as the 'audited information'.

Opinion on the audited information

In our opinion

- the consolidated financial statements on pages 28 to 54, present fairly, in all material respects, the consolidated financial position of the Auckland Museum as at 30 June 2018, its consolidated revenue and expense, net assets/equity and cash flows, for the year then ended in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board ('PBE Standards').
- the status of the performance measures ('What we achieved'), included in the service performance report on pages 22 to 25, have been presented fairly, in all material respects in accordance with the basis of measurement (included in the service performance report) for the year ended 30 June 2018.

Basis for opinion on the audited information

We conducted our audit of the of the consolidated financial statements in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)') and our audit of the performance measures was carried out in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) ('ISAE (NZ) 3000'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Service Performance Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

We are independent of the Auckland Museum in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of other assurance advisory services, we have no relationship with or interests in the Auckland Museum. These services have not impaired our independence as auditor of the Auckland Museum. In addition to this, partners and employees of our firm deal with the Auckland Museum on normal terms within the ordinary course of trading activities of the business of the Auckland Museum. The firm has no other relationship with, or interest in, the Auckland Museum or its subsidiary.

Other information

The Auckland Museum Trust Board is responsible on behalf of the Auckland Museum for the other information. The other information comprises the information in the annual report that accompanies the service performance report, the financial statements and the audit report.

Our opinion on the financial statements and performance measures does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the service performance report and financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Auckland Museum Trust Board's responsibilities for the audited information

The Auckland Museum Trust Board is responsible on behalf of the Auckland Museum for preparing an annual report that includes consolidated financial statements and performance information under section 28 of the Auckland War Memorial Museum Act 1996. This includes responsibility for:

- the preparation and fair presentation of the consolidated financial statements in accordance with the Public Benefit Entity Standards;
- the preparation and fair presentation of the service performance report which includes identifying the objectives and performance targets and other measures by which performance will be judged, and the reporting on the status of the performance measures ('What we achieved') in accordance with the basis of measurement; and
- for such internal control as the Auckland Museum Trust Board determines is necessary to enable the preparation of the consolidated financial statements and a service performance report that are free from material misstatement, whether due to fraud or error.

In preparing the audited information, the Auckland Museum Trust Board is also responsible on behalf of

the Auckland Museum for assessing the Auckland Museum's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the financial statements unless the Auckland Museum Trust Board either intends to liquidate the Auckland Museum or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements and Service Performance Report

Our objectives are to obtain reasonable assurance about whether the audited information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, ISAs (NZ) or ISAE (NZ) 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the audited information.

As part of an audit in accordance with ISAs, ISAs (NZ) or ISAE (NZ) 3000, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Auckland Museum' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auckland Museum Trust Board in the preparation of the consolidated financial statements.
- Evaluate whether the status of the performance measures have been prepared in accordance with the basis of measurement as specified. It is not part of this engagement to consider the completeness of the objectives or the performance measures identified to meet the objectives of the Auckland Museum.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Auckland Museum Trust Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Auckland Museum's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Auckland Museum to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Auckland Museum Trust Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use

This report is made solely to the Auckland Museum Trust Board, as a body, in accordance with Section 28 of the Auckland War Memorial Museum Act 1996. Our audit has been undertaken so that we might state to the Auckland Museum Trust Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board as a body, for our audit work, for this report, or for the opinions we have formed.

Auckland, New Zealand

Date of opinion

This audit report relates to the service performance report and financial statements of Auckland Museum Trust Board (the 'Auckland Museum' or 'Museum') for the year ended 30 June 2018 included on the Museum's website. The Auckland Museum Trust Board is responsible for the maintenance and integrity of the Museum's website. We have not been engaged to report on the integrity of the Museum's website. We accept no responsibility for any changes that may have occurred to the service performance report or financial statements since they were initially presented on the website. The audit report refers only to the service performance report and financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the service performance report and financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited service performance report and financial statements and related audit report dated [date] to confirm the information included in the audited service performance report and financial statement presented on this website.